

SECTION B: REMARKS

I. INTRODUCTION

Claims 1-20 are presently pending in the application. Claims 1, 12, 13, 14, 17, 18 and 20 have been amended. Claims 1 – 20 as amended are presented for examination.

II. CLAIM REJECTIONS

Claim Rejections under 35 U.S.C. §102(b) by Odle.

Claims 1-3, 7, 8, 10, 11 and 16 are rejected as being anticipated by **Odle** US 5491511. The Examiner contends that **Odle** discloses having the user define criteria entered via a user input device for the digital transaction data and an audit controller uses a system pointer that is calculated from a system clock to identify the portion of the videotape which stores the desired transaction in a mixed composite video signal. The audit controller instructs the VCR to locate the portion of videotape in which the date and time stamp generated by the VCR for a given clearly most nearly matches the date and time stamp stored for that transaction as digital data. That portion of only the visual record is displayed. **Odle**, however, does not disclose neither a means for correlating both visual images and electronic reports with each other or transferring both a data record and a visual record to one remote location. Furthermore, **Odle** does not disclose a tracking system for tracking the merchandise remaining in stock.

The Applicant discloses a point of sale (POS) surveillance system for comparing a cash register readout with a visual record of items purchased including

a cash register which produces an electronic report of a sales transaction, a camera which makes a visual image of goods which are subject to said sales transaction, a processor coupled to said camera and cash register, which processor creates a record in which said visual image of goods and electronic report are correlated with each other, a display device in which correlated visual images of goods and electronic reports are displayed; and an inventory recording system. The Applicant further discloses that the inventory recording system keeps track of the merchandise remaining in stock and has the option of correcting the inventory for lost stock or discrepancies in sales as detected with use of the system.

In regard to independent Claim 16, the Examiner contends that **Odle** discloses that the digital data from device 14 is sent to node 16 which converts the data and the visual record is sent to a different location, namely the video storage system. However, **Odle** does not disclose displaying the cash register transaction readout and visual image of goods corresponding with the cash register transaction readout on a screen as adjacent images.

The Applicant discloses a method providing a point of sale (POS) surveillance including receiving and storing data from a cash register transaction readout during a purchase transaction; making, receiving and storing a visual record by means of a camera positioned to capture a visual image of goods corresponding with the cash register transaction readout; processing and transferring the cash register readout and visual image of goods corresponding with the cash register transaction readout to a remote location; and displaying the cash register transaction readout and visual image of goods corresponding with the cash register transaction readout on a screen as adjacent images.

Thus, since Applicant has herein amended independent claim 1 to include limitations not disclosed in the cited references, Applicant respectfully requests that the 35 U.S.C. §102(b) rejection be withdrawn.

Previously rejected Claims 2, 3, 7, 8, 10 and 11 depend from now allowable Claim 1 and should therefore be allowed and for such further limitations therein which distinguish over the art.

Claim Rejections under 35 U.S.C. § 103(a)

Claims 5, 6 and 9 are rejected as being unpatentable over **Odle** in view of **Katz**. Claims 5, 6 and 9 are dependant upon independent claim 1. Neither **Odle** or **Katz** discloses an inventory recording system.

The Applicant discloses that the inventory recording system keeps track of the merchandise remaining in stock and has the option of correcting the inventory for lost stock or discrepancies in sales as detected with use of the system. Therefore, claims 5, 6 and 9 are patentable over **Odle** in view of **Katz**.

Claim 4 is rejected as being unpatentable over **Odle** in view of **Mohr**. Claim 4 is dependant upon independent claim 1. The Examiner contends that **Mohr** discloses a fueling facility that uses a video surveillance system. However, **Mohr** fails to disclose showing a PIP of an electronic report adjacent to a visual image as claimed in claim 1. The electronic readout in Applicant's invention is a key advantage in that the side by side viewing of the readout and the visual images can easily be counted and compared with the number of items paid for. A permanent record is also provided as evidence in showing that the readout and the visual record do not match. Furthermore, neither **Odle** nor **Mohr** discloses an inventory recording system. The Applicant discloses that the inventory recording system keeps track of

the merchandise remaining in stock and has the option of correcting the inventory for lost stock or discrepancies in sales as detected with use of the system. Therefore, claim 4 is patentable over **Odle** in view of **Mohr**.

Claims 17-19 are rejected as being unpatentable over **Odle** in view of **Addy et al**. Claims 17-19 are dependant upon independent claim 1. The Examiner contends that **Addy** discloses four (4) separate means of detecting service check out theft: an event log, a suspicion log, a maintenance log and a video system. These items are not in a remote location, are not correlated in any way, and cannot be easily compared and contrasted in an efficient manner for detecting theft. Furthermore, none of these avenues detect exactly what kind of merchandise is in issue. The event log provides a tally of the number of occasions in which a given customer unintentionally operates the self service checkout terminal improperly, the suspicion log tracks the number of times in which a given customer intentionally operates the self service terminal improperly. The maintenance log tracks when a component of the terminal isn't working correctly, and finally, the video system only detects that the customer passed an item across the scanner. None of these avenues detects that a blue shirt, for example, was passed under the scanner and wasn't electronically recorded on a sales transaction.

Addy offers no comparison between a visual record and an electronic record in order to determine discrepancies between the actual items paid for and items leaving the store with customers. Furthermore, **Addy** does not disclose a side-by-side comparison, as is claimed by Applicant. Neither **Odle** nor **Addy** discloses an inventory recording system. The Applicant discloses that the inventory recording system keeps track of the merchandise remaining in stock and has the option of

correcting the inventory for lost stock or discrepancies in sales as detected with use of the system. Therefore, claims 17-19 are patentable over **Odle**.

Claims 12-15 and 20 are rejected as being unpatentable over **Odle** and further in view of **Katz** and **Mohr**. **Odle**, **Katz** and **Mohr** fail to disclose an inventory recording system.

Applicant discloses a surveillance system kit including a camera with visual readout, a VGA-to-TV conversion device; a cable for cash register readout, a cable for camera output for connection to the computer; a cable for output of the conversion device and adapted for connection to the computer, wherein the computer is arranged and configured under software control to create a permanent record of the cash register readout and a corresponding visual record for easy recall. The software also includes picture in picture capabilities and programming for processing the cash register and camera visual readout and for graphically displaying correlated images of said register readout and camera visual readout. The software further includes an the inventory recording system that keeps track of the merchandise remaining in stock and has the option of correcting the inventory for lost stock or discrepancies in sales as detected with use of the system.

The Applicant discloses that the inventory recording system keeps track of the merchandise remaining in stock and has the option of correcting the inventory for lost stock or discrepancies in sales as detected with use of the system. Since **Odle**, **Katz** and **Mohr** fail to disclose an inventory recording system, claim 12, and dependant claim 13, are patentable over **Odle** in view of **Katz** and **Mohr**.

Claim 14 also discloses an inventory recording system, that **Odle**, **Katz** and **Mohr** fail to disclose. Therefore, claim 14 and dependant claims 15 and 20 are patentable over **Odle** in view of **Katz** and **Mohr**.

SECTION C: SUMMARY

It is respectfully submitted that all of the claims, as presently amended, are in condition for allowance. Applicant respectfully requests that the Examiner telephone the undersigned attorney if it appears that a telephone conference would facilitate allowance of the application.

I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450 on

January 5, 2005

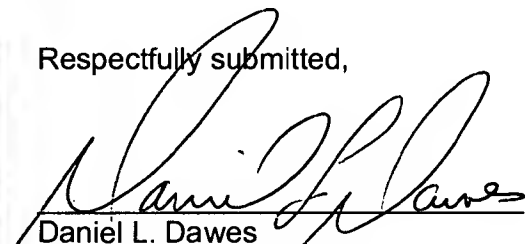
by: Mike Navarro



Signature

January 5, 2005

Respectfully submitted,



Daniel L. Dawes

Registration No. 27,123

Myers Dawes Andras & Sherman LLP
19900 MacArthur Boulevard, Suite 1150
Irvine, CA 92612
(949) 223-9600